United Nations S/2006/783

Security Council

Distr.: General
29 September 2006

Original: English

Report of the Secretary-General on developments in Guinea-Bissau and on the activities of the United Nations Peace-building Support Office in that country

I. Introduction

1. The present report is submitted pursuant to paragraph 14 of Security Council resolution 1233 (1999) of 6 April 1999, by which the Council requested me to keep it regularly informed and to submit a report on developments in Guinea-Bissau and on the activities of the United Nations Peace-building Support Office in Guinea-Bissau (UNOGBIS). Subsequently, in paragraph 11 of Security Council resolution 1580 (2004), the Council requested me to submit a written report to it every three months.

2. The present report focuses on developments since my last report dated 6 July 2006 (S/2006/487), in particular on initiatives aimed at promoting national dialogue and reconciliation, as well as reform of the security sector, amidst continuing socio-economic hardship.

II. Political developments

3. During the period under review, the political climate was marked by developments within the country's two main political parties, namely the "Partido Africano para a Independência da Guiné-Bissau e Cabo Verde" (PAIGC) and the "Partido da Renovação Social" (PRS).

4. The PAIGC leadership has started negotiations in order to reintegrate the group of dissidents who supported President Vieira's candidacy against the party's candidate Malam Bacai Sanha during last year's presidential elections. The group of dissidents includes, among others, the current Prime Minister and the Ministers of Defence and Natural Resources and Energy. The PRS, former President Koumba Yala's party, will be electing a new president at its congress in November. Meanwhile, it has not only reaffirmed its confidence in the current leadership of the party, but also expressed support for the "Forum para a Convergência do Desenvolvimento", the coalition that supports the current Government in Parliament.

5. On 17 July 2006, the sixth Summit of the Heads of State and Government of the Community of Portuguese-Speaking Countries (CPLP) was successfully held in Bissau. The holding of the Summit was particularly important in signaling that,

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despite the difficulties it faces, Guinea-Bissau had the capacity to organize such an event and had regained its rightful place among its peers within CPLP. During the Summit, CPLP, among other things, expressed its full support for the initiative by ECOWAS to establish an International Contact Group on Guinea-Bissau. On 21 September 2006, the Contact Group held its first meeting in New York and decided, among other things, to assist Guinea-Bissau in the strengthening of its national institutions' capacities; mobilize the necessary funds to fill the deficit of the 2006 budget; assist the Bissau Guineans authorities in the preparation of the donors round table which will take place from 7 to 8 November 2006 in Geneva; and assist them in the implementation of the reforms in the security and judiciary sectors, and in the public administration.

6. Since the launch of "Estados Gerais" in March 2006, a dialogue initiative aimed at creating space for consensus-building on the sources of instability and root causes of conflict in Guinea-Bissau, discussions supporting this initiative spread beyond the capital city of Bissau. On 2 September 2006, the dialogue initiative held its first regional consultation in Biombo. Over one hundred participants attended, including representatives of local authorities, traditional and religious leaders, as well as women and youth organizations. Participants unanimously expressed a commitment to moving away from conflict and working collectively towards a peaceful future.

7. UNOGBIS is preparing to launch a capacity-building project in conflict transformation skills for parliamentarians and civil society groups, which will enhance the capacity of national stakeholders to mainstream conflict prevention and resolution into their national programmes. The initiative will be supported by a project recently approved by the United Nations Democracy Fund (UNDEF), which will be implemented in collaboration with the National Democratic Institute (NDI) of the United States and the Netherlands Development Organization (SNV).

III. Economic and social aspects

8. During the period under review, the economic situation in Guinea-Bissau has remained difficult and social tensions have grown, as illustrated by the wave of strikes that affected the public sector. On 20 July 2006, the National Popular Assembly (ANP) approved the Government's 2006 budget.

9. The country still faces severe financial difficulties. In fact, the Government raised CFA 5 billion from issuing treasury bonds, notably to pay some of the salary arrears and alleviate the hardship faced by civil servants and other workers, and the population at large. In addition, ECOWAS contributed a budgetary support package in two tranches to the Government of Guinea-Bissau for approximately $4 million (2.7 billion CFA francs) to help pay salary arrears. According to the National Union of Workers, the Government's decision to lower import taxes for basic food items has failed to lower prices to consumers, while significantly reducing State revenue and the ability to meet its salary bill.

10. As mentioned in my last report, the yield from the commercialization of cashew nuts, the country's principal export crop, has been significantly lower than expected, with an average of 60,000 tons of cashew exported as of August 2006, against 95,000 tons in the same period in 2005. Although the season is not yet over, the overall export figure is likely to be considerably lower than in previous years.

This reduced production is certain to add even more hardship to the country's fragile economic base.

11. In June 2006, Guinea-Bissau joined the World Bank's Multilateral Investment Guarantee Agency (MIGA). By providing protection against political risks, MIGA will help create an enabling environment for foreign direct investors.

12. The Government's 2005-2008 Poverty Reduction Strategy Paper (PRSP) was discussed with its development partners at a technical workshop held from 12 to 13 July 2006. The paper focuses on four priorities: (a) to reinforce good governance, modernize the public administration and ensure macroeconomic stability; (b) to promote economic growth and job creation; (c) to increase access to social services and basic infrastructure; and (d) to improve the livelihood of the most vulnerable segments of the population.

13. From 18 to 21 August 2006, an International Monetary Fund (IMF) mission visited Bissau to assess the Government's performance under the IMF's Staff Monitored Programme and to discuss preparations for the upcoming donors' round table. The mission concluded that there had been progress in the economic situation over the past three years and indicated IMF's readiness to approve, pending a successful round table, an emergency post-conflict package for Guinea-Bissau in January 2007.

14. The humanitarian agencies have continued to provide assistance for families affected by the recent fighting in the northern region of the country, near the border with the Senegalese province of Casamance. Since the end of the fighting in April 2006, the World Food Programme (WFP) started a work-for-food programme to assist in the rebuilding of the dikes and replant the rice destroyed by the 2005 rainy season and subsequent rural exodus.

IV. Military and security aspects

15. On 17 July 2006, the government decree setting up a National Commission to Combat the Proliferation of Small Arms and Light Weapons (Commissao de Luta Contra a Proliferacao de Armas Ligeiras e de Pequeno Calibre, CNLCPAL) was published in the *Official Gazette*, thus paving the way for the implementation of the pilot small arms collection and destruction programme within the framework of the United Nations Coordinating Action on Small Arms mechanism, which was due to start in November 2005. During the same month, Bissau was declared mine-free.

16. Meanwhile, the UNDP-supported national mine action coordination authority (CAAMI) has continued to destroy explosive remnants of war (ERW). The survey of contaminated areas in the north of the country affected by the recent military operation against Casamance rebels along the border with Senegal has been completed and the demining of secondary roads and affected villages is under way.

17. UNOGBIS has continued to play a critical advisory role in supporting national efforts in the domain of Security Sector Reform (SSR). The technical team responsible for drafting the National Security Sector Reform strategy document has resumed its work after a three-month-long interruption.

18. A Steering Committee on SSR chaired by the Minister of Defence met regularly during the reporting period to assess progress made and consider next

steps. The third mission to Bissau by the Security Sector Development Advisory Team (SSDAT) of the United Kingdom took place in late September to assist the Guinea-Bissau authorities in finalizing the National SSR strategy document. In light of the crucial nexus between security and development, it was agreed to include the SSR strategy and its annexes in the documents that Guinea-Bissau will present to the donors' round table.

19. From end of July to mid-August, the National Commission on the reconciliation of the Armed Forces undertook a sensitization campaign throughout the country with a view to extending the reconciliation process to the paramilitary forces and consolidating civil-military relations.

20. On 28 August 2006, a Military Tribunal summoned two senior reintegrated officers to assist in the investigations into an alleged plot against the Chief of General Staff. No charges were brought against the officers, but the incident was criticized as going against the grain of the reconciliation process.

21. From 13 to 15 September 2006, the United Nations Office on Drugs and Crime presented its strategic programme framework for Guinea-Bissau to the national authorities and relevant partners. The recommendations will be included in the SSR strategy.

V. Human rights aspects

22. On 27 July 2006, UNDP unveiled a $30,000 project for the promotion of human rights education targeting, in particular, initiatives related to the fight against HIV/AIDS and to the provision of support to orphans. Six non-governmental organizations will each be allocated $5,000 to conduct activities in those areas.

23. In the reporting period, UNOGBIS continued its activities in promoting human rights education in schools. The Ministry of Education, in a dispatch signed on 28 July 2006, set up a National Steering Commission on Education in Human Rights, Democracy, Citizenship, Culture of Peace and Intercultural Dialogue. UNOGBIS will resume its cycle of lectures on human rights at the Faculty of Law in October.

VI. Observations and recommendations

24. During the period under review, a strong commitment to improve the political climate continued to emerge, as illustrated by the negotiations aimed at promoting reconciliation within the main political parties and the progress in the national dialogue process. Reconciliation efforts within the defence and security forces are also moving forward. Enduring tensions and difficulties highlight, however, the ever-present risk of occasional setbacks or relapse.

25. It is obviously premature to comment on the outcome of these initiatives. However, I note with hope that key national stakeholders increasingly understand that it is in their own interest, and that of the people of Guinea-Bissau as a whole, to continue to seek constructive and peaceful ways to address and resolve differences and the country's difficulties.

26. The socio-economic situation remains dire in Guinea-Bissau. The Government's commitment to macroeconomic reforms is commendable and should be supported, as such policies are aimed at improving, in practical terms, the living conditions of the population, especially its more vulnerable segments. The significant drop in cashew nut revenue and a predictably poor rice harvest, coupled with the enduring challenge of salary arrears in the public sector, are contributing to the aggravation of social tensions.

27. Against that volatile background, it is important that the international community continue to support Guinea-Bissau's efforts to attain greater political stability, and, simultaneously, provide urgently the financial support which the country needs to prevent the erosion of public confidence and political stability. I, therefore, appeal to members of the international community to participate actively and generously in the donors' round table for Guinea-Bissau, scheduled to be held from 7 to 8 November 2006 in Geneva. A successful round table will help the country to address its immediate concerns and move towards the achievement of medium- to long-term development goals.

28. I am particularly encouraged by the Government's clear understanding of the security, stability, and development nexus and its commitment to move ahead with the reform of the security sector. The SSR project requires a careful and holistic approach and the involvement of a variety of internal and external actors, under the leadership of the country's authorities. I appeal to all actors involved, both internal and external, to do their utmost to ensure the successful formulation and implementation of the security sector reform in Guinea-Bissau.

29. The effective collaboration among ECOWAS, CPLP and the United Nations has continued to influence developments in Guinea-Bissau in a constructive manner. I welcome the creation of an international Contact Group on Guinea-Bissau as a useful tool to strengthen even further the existing partnership among ECOWAS, CPLP and the United Nations, and to ensure that Guinea-Bissau remains high on the agenda of the international community.

30. While progress continues to be made in several areas, the developments presented above underscore the importance for the international community to remain engaged in Guinea-Bissau. I believe that the United Nations should continue to play a key role to that end. I intend to slightly revise the mandate of UNOGBIS and request its extension until 31 December 2007. *Consultations with the Government of Guinea-Bissau are still ongoing in that regard.* Mr. João Bernardo Honwana, who served as my representative for Guinea-Bissau and head of UNOGBIS over the past two years, recently returned to United Nations Headquarters, after completing his assignment on 15 September 2006. I intend to appoint shortly my new representative for Guinea-Bissau to replace Mr. Honwana.

31. Finally, I should like to commend the important work the staff of UNOGBIS and the entire United Nations country team continue to carry out in Guinea-Bissau to contribute to the realization of peace and progress in that country. I would especially like to express my appreciation for the important role played by my outgoing representative for Guinea-Bissau, Mr. João Bernardo Honwana, whose strong leadership and devotion to the cause of peace have been instrumental in the success of our peacebuilding activities in Guinea-Bissau.